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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

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September 1, 2006

Malik Ahmed, CEO/President
Better Family Life, Inc.
724 N. Union, Suite 301
St. Louis, MO 63108

RE: Fiscal Monitoring Report of Better Family Life, Inc.
(#2006-SLATE 4)

Dear Mr. Ahmed:

Enclosed is a report of our fiscal monitoring review of Better Family Life, Inc. (Contracts #218-06, and #660-06) for the period July 1, 2005 through January 31, 2006. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Better Family Life, Inc. Our fieldwork was substantially complete on June 21, 2006.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and an agreement with the St. Louis Agency on Training and Employment (SLATE) to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact Dwayne Crandall at 613-7257.

Sincerely,

A handwritten signature in dark ink, appearing to read "Sedrick D. Blake".

Sedrick D. Blake, CPA
Internal Audit Executive

Enclosure

cc: Honorable Darlene Green, Comptroller
Tom Jones, Director, St. Louis Agency on Training and Employment



CITY OF ST. LOUIS

ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)

*BETTER FAMILY LIFE, INC.
CONTRACTS #218-06 AND #660-06*

FISCAL MONITORING REVIEW

JULY 1, 2005 THROUGH JANUARY 31, 2006

PROJECT #2006-SLATE4

DATE ISSUED: SEPTEMBER 1, 2006

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

CITY OF ST. LOUIS
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT
BETTER FAMILY LIFE, INC.
CONTRACTS #218-06 and #660-06
FISCAL MONITORING REVIEW
JULY 1, 2005 THROUGH JANUARY 31, 2006

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**CITY OF ST. LOUIS
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT
BETTER FAMILY LIFE, INC.
CONTRACTS #218-06 and #660-06
FISCAL MONITORING REVIEW
JULY 1, 2005 THROUGH JANUARY 31, 2006**

INTRODUCTION

Background

Contract Name: Better Family Life, Inc.

Contract Numbers: #218-06 and #660-06

Contract Periods: July 1, 2005 through June 30, 2006

Contract Amounts: \$408,496.34 and \$1,379,329.25

The contracts provide federal funds through the St. Louis Agency on Training and Employment (SLATE) to Better Family Life, Inc. for its adult and youth service programs.

Contract #218-06 is for Better Family Life's Workforce Investment Act (WIA) youth services program. The contract provided \$408,496.34 for servicing forty-four (44) In-School youth and nine (9) Out-of-School youth for a total of 53 clients. In accordance with the contract scope of work the Agency provided services for the (1) attainment of basic skills, work readiness or occupational skills training, (2) attainment of secondary school diploma or GED, (3) retention in one of the following: post-secondary education, advanced training, military service, employment or qualified apprenticeships.

Contract #660-06 provides Better Family Life with funds for Temporary Assistance to Needy Families (TANF) Services by way of a Career Assistance Program (CAP). The Agency works with CAP clients to develop job seeking skills, job development/placement services, and follow-up. The Agency must place clients in employment that averages \$9.00 per hour. Average wage rate is monitored by SLATE for compliance. This is a line item cost reimbursement contract in which costs are paid on an actual expenditure basis as incurred.

Purpose

The purpose of our review was to determine Better Family Life, Inc.'s compliance with federal, state and local SLATE requirements for the period July 1, 2005 through January 31, 2006, and make recommendations for improvements.

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INTRODUCTION

Scope and Methodology

We made inquiries regarding Better Family Life, Inc.'s internal controls relating to the grant administered by SLATE, tested evidence supporting the reports the Agency submitted to SLATE and performed other procedures considered necessary. Our fieldwork was substantially complete on June 21, 2006.

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CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

Better Family Life did not fully comply with federal, state and local SLATE requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report dated May 6, 2005 identified three observations.

1. An opportunity exists to update/reconcile accounting records more timely. **(Resolved)**
2. Agency did not update or maintain inventory. **(Resolved)**
3. There appears to be a situation of nepotism. **(Resolved)**

A-133 Status

Internal Audit reviewed the Agency's A-133 audit report for the year ended December 31, 2004. According to the external auditors, there were no reportable conditions, federal award findings or questioned costs noted. However, we noted the Agency's SEFA understated federal funds passed through the City by \$38,000.00. This amount was less than 1.5% of the total. Therefore, we considered this to be immaterial. To that end, the Agency qualified as a low risk auditee as defined by OMB Circular A-133.

Exit Conference

On June 21, 2006 an exit conference was held at the Agency's site and some items and costs were resolved at that time due to additional information and documents being supplied. We were informed additional support was to be provided; however, we received none. This report reflects only the unresolved items.

Summary of Current Observations

We made recommendations for the following observations, which if implemented, could assist Better Family Life, Inc. in fully complying with federal, state, and local SLATE requirements.

1. Non-Payroll expenditures were inaccurate (#218-06) and (#660-06)
2. Payroll expenditures were inaccurate (#218-06) and (#660-06)

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**DETAILED OBSERVATIONS, RECOMMENDATIONS, AND
MANAGEMENT'S RESPONSES**

1. Non-Payroll Expenditures were Inaccurate (#218-06) and (#660-06)

The contracts #218-06 and #660-06, page 5 paragraph 18, states, "No more than the specified amount as stated in the Budget Section may be spent for the performance unit cost or by activity or outlined cost categories and /or activities on a line-by-line basis as outlined in the contract budget, without prior written approval of the St. Louis Agency on Training and Employment. It shall be the contractee's responsibility to monitor the spending activities in order to avoid over-expenditure of any line item, and to take the appropriate action to avoid over-expenditures." Also, page 4 Paragraph 14 of the contract states, "The contractee must be a legal, licensed organization with accounting and internal control standards that meet and/or exceed Generally Accepted Accounting Principals (GAAP)."

Contract #218-06

The Agency requested \$1,881.75 for four invoices for Participant Transportation; however, these invoices totaled \$1,837.50, resulting in a \$44.25 over statement. In addition, the Agency did not provide IAS with documentation to support the payment of invoice #005421 for \$437.50. The total questioned cost is \$481.75.

Contract #660-06

Better Family Life requested reimbursement in the amount of \$738.39 for ADP services under contract #660-06 for Professional Services. IAS calculated the Agency's reimbursement should have been \$667.43, resulting in questioned cost \$70.96. The October 14, 2005 invoice was discounted to \$6.00 only.

Recommendation

We recommend the Agency comply with contracts #218-06 and #660-06 by submitting accurate reimbursement reports. Also, we recommend the Agency submit a check to SLATE in the amount of \$552.71.

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1. Continued... ..

Management's Response

Contract #218-06

...Participant Transportation (Costs Questioned...)

- a) Overstated expenses of \$44.25 – these expenses were credited back to us without reducing the amount billed. We will refund the \$44.25 charged to Contract #218-06.*

Contract #660-06

...BFL agree(s) to pay SLATE \$70.96 for the discounted portion of October 14, 2005 ADP invoice...

Auditor's Response

Better Family Life stated it would provide proof of payment for Invoice #005421 at the Exit Conference held June 21, 2006. They have not provided Internal Audit with proof of payment as of the date of this report. Therefore, we continue to recommend the Agency submit a check to SLATE for \$552.71

2. Payroll Expenditures were Inaccurate (#218-06) and (#660-06)

IAS noted Better Family Life had questioned cost in its December 31, 2005 reimbursement report. Contract #660-06 had questioned cost in the amount of \$2,653.84. Under contract #660-06, for the category of Salaries, Better Family Life requested reimbursement in the amount of \$75,747.79 for employee's salaries. However, IAS calculated the salary reimbursement amount to be \$73,093.95, because one employee position was not included under the contracted budget. This position was Placement/Retention. Per the contractual agreement, three (3) Placement/Retention positions were included but BFL used four (4) Placement/Retention positions. As such, an overstatement in payroll in an amount of \$2,653.84 was created.

Recommendation

We recommend the Agency comply with contract #660-06 by submitting accurate reimbursement reports. Also, we recommend the Agency submit a check to SLATE in the amount of \$2,653.84 for the Payroll questioned cost. The Agency should review prior reimbursement reports for questioned cost and forward any additional questioned costs to SLATE.

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2. Continued... ..

Management's Response

<i>Donald Scales</i>	<i>Replacement & Retention</i>	<i>\$2,653.84</i>	<i>Kelly Welch</i>	<i>Assessor/Intake Specialist</i>	<i>B</i>
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Note B: Donald Scales replaced Kelly Welch-Kelly effective November 14, 2005, with first billing for salary costs in the month ending December 31, 2005.

Auditor's Response

Although the Agency showed some individuals were replaced, we noted and the Agency agreed that the contract allowed for three (3) FTE Placement/Retention workers, however, was paid for four (4). We continue to recommend the Agency submit a check to SLATE in the amount of \$2,653.84 for the payroll questioned cost.